

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 IO-13 ISO-00 STR-07 EB-08 AGRE-00

CEA-01 CIAE-00 DODE-00 FRB-03 H-01 INR-10 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05

SS-15 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01

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FM AMEMBASSY MADRID

TO SECSTATE WASHDC PRIORITY 5393

INFO USMISSION GENEVA

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E.O. 11652: N/A

TAGS: ETRD, GATT, SP

SUBJECT: SPANISH RESTRICTIONS ON IMPORTS OF WOOD PULP

REF: STATE 178478

1. FOLLOWING A CONSIDERABLE BUILD-UP OF WOOD PULP STOCKS HELD BY LOCAL MANUFACTURERS AND THE FEAR THAT PULP WAS BEING DUMPED IN SPAIN, THE NATIONAL ASSOCIATION OF MANUFACTURERS OF PULP, PAPER AND CARTON RAISED THE MATTER WITH THE GOS, WHICH RESPONDED THROUGH ADMINISTRATIVE DELAY IN THE PROCESSING OF NEEDED IMPORT LICENSES, THE USUAL MECHANISM HERE IN SUCH CASES. THERE WAS LITTLE OR NO PRIOR WARNING OF THIS ACTION SO THAT FOREIGN SUPPLIERS WERE CAUGHT WITH A NUMBER OF PULP SHIPMENTS IN SPANISH PORTS OR EN ROUTE. OVER THE COURSE OF SEVERAL WEEKS, NUMEROUS REPRESENTATIONS AND NEGOTIATIONS WERE CONDUCTED BY THE PRIVATE SECTOR AND BY EMBASSIES REPRESENTING THE NORDICS, CANADA AND OURSELVES WITH THE RESULT THAT ALL SUCH LICENSES HAVE NOW BEEN APPROVED AND THE IMMEDIATE PROBLEM RESOLVED.

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2. A GENTLEMEN'S AGREEMENT HAS BEEN REACHED THAT PULP IMPORTS SHOULD BE LIMITED TO 12,000 TONS PER MONTH FOR A FEW MONTHS TO PERMIT THE DRAWDOWN TO LOCAL STOCK AND REFLECTING THE LOW DEMAND RESULTING FROM THE FLATNESS OF THE SPANISH ECONOMY. THIS, OF COURSE, IS NOT A FORMAL QUOTA BUT WOULD BE ASSURED ADMINISTRATIVELY.

PRIVATE SECTOR SOURCES SAY THAT THE DRAWDOWN IS OCCURRING MORE RAPIDLY THAN EXPECTED, AIDED BY A GAP IN THE FLOW OF PULP FROM ABROAD, AND THAT A MORE TRADITIONAL LEVEL OF PULP IMPORTS WILL BE ACHIEVED SOONER THAN PROJECTED. THIS REMAINS TO BE SEEN.

3. IN SHORT, IT APPEARS THAT THE LOCAL PRODUCERS PANICKED, WERE SUPPORTED BY THE GOS SOMEWHAT HEAVY-HANDEDLY, BUT RESPONDING TO COMMERCIAL NEED AND FOREIGN CONCERN, MODIFIED ITS POSTURE TO ARRIVE AT A SOLUTION WHICH IS EXPECTED TO BE GENERALLY SATISFACTORY TO ALL PARTIES OVER THE LONGER TERM. TODMAN

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Message Attributes

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Disposition Approved on Date:
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